



**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

Sacramento City Hall  
Historic Hearing Room, #204  
915 "I" Street  
Sacramento, CA 95814  
December 12, 2008

**PANEL MEMBERS**

Barry Broad  
Acting Chair

Greg Campbell  
Member

Barton Florence  
Member

Scott Gordon  
Member

Brian McGowan  
Member

Janine Montoya  
Member

Edward Rendon  
Member

Janice Roberts  
Acting Vice-Chair

**Executive Staff**

Brian McMahon  
Executive Director

Maureen Reilly  
General Counsel

**STATE OF CALIFORNIA**  
**EMPLOYMENT TRAINING PANEL MEETING**  
Sacramento City Hall  
Historic Hearing Room, #204  
915 "I" Street  
Sacramento, CA 95814  
December 12, 2008

**I. PUBLIC PANEL MEETING CALL TO ORDER**

Barry Broad, Chairman, called the public Panel meeting to order at 9:30 a.m.

**II. ROLL CALL**

Members Present

Barry Broad  
Greg Campbell  
Barton Florence  
Jennifer Grutzius  
Janine Montoya  
Janice Roberts

Members Absent

Scott Gordon  
Edward Rendon

Executive Staff Present

Brian McMahon, Executive Director  
Maureen Reilly, General Counsel

**III. APPROVAL OF AGENDA**

ACTION: Ms. Roberts moved and Mr. Campbell seconded the Panel approve the Agenda.

Motion carried, 6 – 0.

**IV. APPROVAL OF MINUTES**

ACTION: Mr. Florence moved and Ms. Roberts seconded approval of the Panel Minutes of November 14, 2008.

Motion carried, 6 – 0.

## V. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahon, Executive Director, said staff is continuing to take steps to offset the \$10.2 million reduction in our appropriation by disencumbering projects on an accelerated basis, and moving the incremental encumbrance percentage from 35 to 30 percent on new projects approved. He said staff does not yet have any indication of the Employment Training Panel appropriation level in the Governor's 2009-10 Budget.

Mr. McMahon said if all projects are approved today, \$23.1 million of the adjusted \$32.5 million available for new training projects in the current fiscal year will have been encumbered. This results in a balance of \$9.4 million in potential encumbrances for the remainder of the FY. He said that based on our incremental encumbering approach, the Panel will have approved to date, approximately \$68.4 million in training proposals. It is anticipated that \$94 to \$96 million in total contracts will be awarded this year.

Mr. McMahon said ETP does not anticipate sponsoring any bills, but continues to track bills that either directly impact ETP or have a significant workforce-related impact. He said AB3 Perez is a bill that would require the Public Utilities Commission, in consultation with other state agencies, to establish a renewable energy workforce-readiness program by January 1, 2011. The program would support curriculum development, job training, and job placement for green collar professionals in California's renewable energy sector. He said this bill designates target populations that include at-risk youth, veterans, incumbent workers and dislocated or displaced workers; all very similar to the goals that we included in our strategic plan.

Mr. McMahon said the Bureau of Private Post-Secondary Vocational Education (BPPVE) has been the state regulatory body over post-secondary schools and training agencies over the last 20 years. He said most agencies participating in the ETP program have been required to have bureau certification, however; the Bureau became inoperative January 1, 2007. Stopgap legislation in effect over the last two years terms out January 1, 2009. He said a measure introduced at the last legislative session to reconstitute the Bureau, was vetoed by the Governor. As of January 1, 2009, no state agency will have authorization to perform the Bureau's role, which puts the Employment Training Panel in a position to develop an alternative approach for certified training agencies. He said staff has contacted the South Bay Workforce Investment Board (WIB), one of eight WIBs located in Los Angeles County. He said South Bay WIB has developed a system called "I Train", designed to certify eligibility of training agencies under the Workforce Investment Act system, and is a process recognized nationally for its comprehensiveness. He said training agencies certified under "I Train" also appear on the state level eligible training provider list. He said I Train is a very comprehensive system which tracks BPPVE's methodology for evaluating the viability of training agencies. He said staff is working toward an agreement with South Bay WIB that would allow ETP to use their system for those training agencies that are currently either on the "I Train" or the state eligible training provider list. He said ETP has also considered the Employment Development Department state level list as a potential alternative to the Bureau and "I Train" in those counties that do not currently work with "I Train". He said staff anticipates returning to the Panel at the January 2009 meeting with guideline

recommendations for staff and the Panel. Ultimately, ETP could move into a regulation amendment that loosens requirements where ETP now specifically names the Bureau.

Request Motion to Delegate in Event of Loss of Quorum

Mr. McMahon asked for a motion to delegate to the Executive Director the authority to approve items noticed for action at this meeting, in consultation with the Panel Chair or Vice Chair, if a quorum does not exist.

ACTION: Ms. Roberts moved and Mr. Campbell seconded the Panel delegate to the Executive Director the authority to approve items for which a quorum does not exist in consultation with the Panel Chair or Vice Chair.

Motion carried, 6 – 0.

Request Motion to Adopt Consent Calendar Projects/Action

Mr. McMahon asked for a motion to adopt Consent Calendar Items #1 through #41.

Aero Union Corporation .....	\$124,740
Celprogen Inc. ....	\$31,720
Cencal CNC, Inc. ....	\$72,800
Central Convalescent Hospital of Glendale, Inc. ....	\$69,984
Cypress Manufacturing LLC dba HiTech Plastics and Molds .....	\$15,600
Designed Metal Connections, Inc. ....	\$52,650
Diamond Perforated Metals, Inc. ....	\$65,520
eSolar, Inc. ....	\$74,520
Flight Light, Inc. ....	\$23,400
Fresno City College Training Institute/State Center Community College District.....	\$59,140
FutureHome Systems and Design, Inc. ....	\$46,200
Gilstrap’s Cleaning and Restoration Services, Inc. ....	\$29,920
Grafil, Inc. ....	\$72,036
Guittard Chocolate Company .....	\$98,280
HDA Technology, Inc. ....	\$30,316
HigherGround, Inc. ....	\$54,600
H.L. Moe Co., Inc. ....	\$149,364
Initiating Change in Our Neighborhoods Community Development Corporation .....	\$41,652
Kaiser Aluminum Fabricated Products, LLC .....	\$73,800
Kimberly Machine, Inc. ....	\$72,800
Kunde Enterprises, Inc. ....	\$24,336
Lawrence Livermore National Laboratory Operated by Lawrence Livermore National Security, LLC .....	\$69,300
Living Forest, Inc. ....	\$22,440
Machine Precision Components Inc. ....	\$28,860
Microdyne Plastics, Inc. ....	\$50,310
Mun Hwa Broadcasting Corporation dba MBC America .....	\$46,800
Napa Valley Grape Growers Association .....	\$13,900

Nationwide Mutual Insurance Company .....	\$56,250
Payday Payroll Service, Inc. ....	\$46,200
Premier Enclosure Systems, Inc. ....	\$140,140
Pulse Systems Corporation .....	\$49,010
Pure Energy Systems, Inc. ....	\$18,720
Quality Magnetics Corporation dba Delaware Quality Magnetic Corp. ....	\$31,200
Rickard Metals, Inc. ....	\$18,720
Scott N. Amarant Construction Service Co. ....	\$10,010
Superior Anhausner Foods.....	\$134,250
tBP/Architecture, Inc. ....	\$74,844
Television Korea 24, Inc. ....	\$46,800
Thermal-Vac Technology, Inc. ....	\$74,880
T/Q Systems, Inc. ....	\$62,400
Women’s Economic Ventures of Santa Barbara.....	\$50,760

ACTION: Mr. Florence moved and Mr. Campbell seconded approval of Consent Calendar items #1 through #41.

Motion carried, 6 – 0.

**VI. REPORT OF THE GENERAL COUNSEL**

Maureen Reilly, General Counsel, had nothing to report.

**VII. CALBIS – CALIFORNIA’S ONE-STOP FOR BUSINESS RETENTION & EXPANSION**

Mr. McMahon said Dave Freitas, Assistant Secretary of CalBIS, was ill and his presentation would be rescheduled for the January or February 2009 meeting.

**VIII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS**

**Single Employer Contractors**

**Lancaster Community Hospital**

David Guzman, Chief of Program Operations, presented a funding proposal for Lancaster Community Hospital (LCH) in the amount of \$482,400. He said LCH is a hospital that provides cardiology, wound care, outpatient physical therapy and inpatient acute rehabilitation, inpatient and outpatient surgery, and 24-hour emergency care.

Mr. Guzman said the proposal includes Medical Skills Training and didactic and clinical preceptor training and will be provided under the blended rate of \$22.00 per hour for Medical Skills Training.

Mr. Guzman introduced Penny Hammer, Chief Nursing Officer, Sara Marton, Director of Clinical Education and Steve Duscha, from Duscha Advisories.

Mr. Broad asked if nurses are represented by a collective bargaining unit. Ms. Hammer said no, they are not.

**ACTION:** Mr. Campbell moved and Ms. Roberts seconded approval of the funding proposal for LCH in the amount of \$482,400.

Motion carried, 6 – 0.

### **Phenomenex, Inc.**

Mr. Guzman presented a funding proposal for Phenomenex, Inc. (Phenomenex) in the amount of \$299,000. Phenomenex is dedicated to the development, manufacture and supply of products and accessories for the separation, analysis, and purification of chemicals and biochemicals. The company serves customers in the pharmaceutical, biotechnology, chemical, biochemical, petrochemical, and plastics, food and beverage, flavors and fragrances, environmental, natural products, clinical and forensic markets.

Mr. Guzman introduced Bryan Lombardi, Training Manager.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Grutzius seconded approval of the funding proposal for Phenomenex in the amount of \$299,000.

Motion carried, 6 – 0.

### **Rehrig Pacific Company**

Mr. Guzman presented a funding proposal for Rehrig Pacific Company (Rehrig), in the amount of \$494,856. He said Rehrig is a manufacturer of reusable plastic pallets and crates for handling and transporting commercial products, manufactured goods, produce, food, and beverage products.

Mr. Guzman introduced Gabe Guerra, Plant Manager and Louie Rogokos, Lean Manufacturing Coordinator.

Ms. Roberts asked how many IT staff will receive advanced technology training. Mr. Guerra said 4 to 5 staff will receive this training. Ms. Roberts said, since this is the company's first contract with a weighted average of 116 training hours per employee, she wanted to ensure there was an adequate infrastructure in place to support the training. Mr. Guerra said managers and supervisors designated a training room and developed a training plan to accomplish this goal. He said it is his responsibility to ensure employees receive 116 hours of training.

Mr. Broad asked if business has decreased. Mr. Guerra said no, business has increased especially at their Los Angeles facility headquarters. Mr. Broad said that was great to hear.

**ACTION:** Mr. Campbell moved and Mr. Florence seconded approval of the funding proposal for Rehrig in the amount of \$494,856.

Motion carried, 6 – 0.

### **Vista Healthcare, LLC dba Vista Hospital of San Gabriel Valley**

Mr. Guzman presented a funding proposal by Vista Healthcare, LLC dba Vista Hospital of San Gabriel Valley (Vista) in the amount of \$234,360, for Medical Skills Training. He said Vista provides long-term acute care to patients requiring a longer term of hospitalization (generally 25 days or more); as compared to acute care hospitals where patients have an average stay of 3-5 days.

Mr. Guzman introduced Antoinette Bibal, Human Resources Director.

Mr. Broad asked if the Vista facility is currently open for business. Ms. Bibal said the facility is open and they intend to add 20 additional beds in 2009.

Ms. Roberts asked if Vista is a new facility that has been in operation for a couple of years. Ms. Bibal said Vista received certification and began seeing patients in December 2003. She said that in 2005 their number of patients increased, which is why they are increasing the number of beds in their facility. Ms. Roberts asked if there are other hospitals in California that provide long-term acute care. Ms. Bibal said there are only two other hospitals that offer long-term acute care.

Mr. Broad said the training proposal states that Vista was established in January 2007, which must be an incorrect date. Ms. Bibal said Vista Healthcare, their corporate office, was established in January 2007. She said Vista Hospital was first established as a specialty hospital and then the corporate office opened in January 2007, therefore; other facilities opened under Vista Healthcare.

**ACTION:** Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for Vista in the amount of \$234,360.

Motion carried, 6 – 0.

### **International Paper Company**

Ruby Cohen, Manager of the Sacramento Regional Office, presented a funding proposal for International Paper Company (International Paper), in the amount of \$360,000. International Paper manufactures and distributes printing, packaging, graphic arts, maintenance, and industrial products.

Ms. Cohen introduced Stan Hernandez, Process Improvement Manager and Nathan Faulkner, representing Strategic Solutions.

Mr. Broad asked if International Paper has moved to the Exeter facility they purchased from Weyerhaeuser Corporation and if the company is changing equipment. Mr. Hernandez said International Paper intends to combine two plants that are 30 miles apart, and a large amount of equipment will be moved to the Weyerhaeuser facility.

Mr. Broad asked if any Weyerhaeuser employees work for International Paper. Mr. Hernandez said yes, some employees moved to the Exeter facility. Mr. Broad asked if the Hanford facility will be closed. Mr. Hernandez agreed.

Mr. McMahon asked if employees at the Hanford facility had the option of moving to either the Exeter or Dinuba facility. Mr. Hernandez said Hanford facility employees were offered jobs at the Exeter facility.

Ms. Roberts asked if the company also has a facility in Visalia. Mr. Hernandez said yes.

Ms. Roberts asked if the company has already moved into the Exeter facility. Mr. Hernandez said they are currently in the process of moving. Ms. Roberts asked how the company intends to train, especially due to the facility and employee movement. Mr. Hernandez said Weyerhaeuser had 94 plants, so a strong training structure was already in place. He said with new equipment, there is a great need for specialized training, especially since they are not a conventional corrugated plant.

Ms. Roberts asked, since International Paper purchased Weyerhaeuser, if the ETP Agreement would name Weyerhaeuser as a party. She asked if Weyerhaeuser employees are being trained. Mr. Hernandez agreed. Ms. Roberts recalled that Weyerhaeuser has come before the Panel in the past. Ms. Cohen said she was quite sure there are prior Weyerhaeuser projects, but she does not know if they have been in the last five years.

Ms. Reilly said this is a different entity and a different corporate structure, therefore; it is considered a fresh contract. She asked if the Panel is interested in whether or not former Weyerhaeuser employees are repeating ETP-funded training over again. Mr. Broad asked if staff was certain this is the first contract for International Paper. Ms. Cohen said yes, it is their first contract and it is for new equipment, therefore; it is less likely that trainees would receive the same training as before.

Ms. Roberts asked about the Project Improvement Manager duties and their role in training. Mr. Hernandez said he was placed in his position about two weeks ago and the company was restructured. He said he began his employment on the floor 16 years ago with Weyerhaeuser and the training that he received over the years has brought him to his current position, so he knows a great deal of training is required for job advancement. Ms. Roberts said she was concerned with the plant movement occurring, and Mr. Hernandez only being in his position for two weeks. She wanted to be sure Mr.

Hernandez realizes what the contract will take to be successful. Mr. Hernandez said they have quite a bit of training already scheduled with vendors in-house.

Mr. Broad asked if they are operating at the Exeter facility. Mr. Hernandez said both the Exeter and Dinuba plants are producing. He said they closed one plant and moved the entire product to the Exeter facility.

Mr. Broad asked if either Weyerhaeuser Corporation or International Paper is unionized. Mr. Hernandez said no, they are not.

**ACTION:** Mr. Campbell moved and Mr. Florence seconded approval of the funding proposal for International Paper in the amount of \$360,000.

Motion carried, 6 – 0.

### **PHI Air Medical Group, a Division of PHI, Inc.**

Ms. Cohen presented a funding proposal for PHI Air Medical Group, a Division of PHI, Inc. (PHI Air Medical), in the amount of \$74,772. She said PHI Air Medical provides air transport (fixed wing and rotary) for medical and evacuation services. Their aircraft operates as a flying ambulance, enabling the medical personnel onboard to perform patient medical care and procedures while enroute to destinations. Each base includes aviation teams of flight nurses, paramedics, pilots, and mechanics.

Ms. Cohen said this was Medical Skills Training with the blended reimbursement rate. She explained that, since the total contract amount was less than \$75,000, staff assumed it would be included in the Consent Calendar, therefore; representatives were unable to attend the meeting but are available by phone if there any questions from the Panel that she cannot answer.

Ms. Reilly added that the proposal memo is formatted differently. She said this type of proposal is condensed under a “fast-track” system. She referred the Panel to the Consent Calendar tabs in the Panel Packet, and said the same format appears on most Consent Items. She said the proposal was pulled from Consent because even though it is \$75,000 or less, it is Medical Skills Training, and staff thought it would be of interest to the Panel to see how the pilot program is unfolding.

There were no questions from the Panel.

**ACTION:** Mr. Campbell moved and Ms. Grutzius seconded approval of the funding proposal for PHI Air Medical in the amount of \$74,772.

Motion carried, 6 – 0.

### **Veolia Transportation Services, Inc.**

Ms. Cohen presented a funding proposal for Veolia Transportation Services, Inc. (Veolia), in the amount of \$162,000. She said Veolia offers a wide variety of transportation services from

commuter buses, rail (subway), private hire vehicle, and paratransit services. Veolia also provides mechanical maintenance and service to mass-transit vehicles.

Ms. Cohen introduced Ed Remley, Regional Manager of Maintenance for Northern California.

Mr. Broad asked if the proposal is for transit busses only and if it does not include school busses. Mr. Remley said the proposal is solely for transit busses. Mr. Broad asked which training agencies were involved in this proposal. Mr. Remley listed several: OCTA, LADOT, LADASH, ABTA, and Hesperia.

Mr. Broad said the two union letters received are from the Northern California Local 137 and Local 490. He asked if letters are required from the Southern California unions. Mr. Remley said he believed the union letters submitted, covered all of the trainees. Mr. Broad asked about the transit agency in Orange County. Mr. Remley said there are several locations in Southern California that are not represented by unions and a few that have union representation. He said the letters received should represent all of the Locals involved. Mr. Broad asked that Mr. Remley be certain, as by law, they must receive letters from all of the Locals involved in this proposal.

Mr. Broad said he appreciated that the company was cautious in their first proposal. He said the Panel likes to see companies requesting training for a small amount of employees and then expand their next contract. Mr. Remley said they proceeded slowly in their first contract due to concerns with the logistics of training. He said all the money in the world is not going to change the fact that a company must still do day-to-day business. He said the first proposal was successful and the company believes they can now successfully train multiple facilities.

Ms. Roberts said she concurred with Mr. Broad and commended Veolia for the way they handled their contract. She said it was important to look at how well a company can train in one facility before training at multiple facilities. She said this project is a positive template to use as we go forward.

**ACTION:** Mr. Florence moved and Ms. Grutzius seconded approval of the funding proposal for Veolia in the amount of \$162,000.

Motion carried, 6 – 0.

### **Fireman's Fund Insurance Company**

Creighton Chan, Manager of the Foster City Regional Office, presented a funding proposal for Fireman's Fund Insurance Company (Fireman's Fund), in the amount of \$975,375. He said Fireman's Fund is a property/casualty insurer that sells commercial insurance, primarily to small and mid-sized businesses; specialty insurance such as professional liability insurance; and personal lines for individuals.

Mr. Chan introduced David Hall, Vice President of Human Resources; Denise Brinker, Assistant Vice President and Director of Training and Employee Development; representing Allianz Healthcare Risk Management.

Mr. Broad asked about the financial soundness of the company. Mr. Hall said their parent company's economist issued a statement that Fireman's Fund has no difficulties in meeting its obligations. He said the company insures homeowners, automobile owners, small and medium-sized businesses and rating agencies continue to give them very strong ratings.

Ms. Roberts asked, due to the number of home foreclosures, if banks pay Fireman's Fund to insure homes in the foreclosure system. Ms. Hall said no, the bank acquires homes through foreclosure and carries its own insurance on them.

Ms. Roberts asked if the company is losing business due to home foreclosures. Mr. Hall said no, business is stable and they are projecting growth for 2009 in homeowners insurance.

Ms. Roberts was concerned about granting a \$1 million contract since the Panel was unsure of the viability of the business and the turnover rate was close to 20 percent and said it was a very ambitious task for a company's first contract. Mr. Hall said he understood and said the 2007 turnover was close to 20 percent and year-to-date turnover is under 10 percent.

Ms. Roberts asked if the turnover rate is down due to layoffs. Mr. Hall said layoffs were both voluntary and involuntary. He said staff keeps detailed data on the learning management system and each month, the company reports on each employee and the number of hours and programs.

Mr. Broad suggested reducing the proposal amount by half. In the future, he said if the company has positive performance, they may return to request an amendment for the remainder of funds. He said it hurts companies when they return to the Panel for future funding and have not performed well. He said there are many reasons why a first contract would be unsuccessful such as business could suddenly increase and then find there is not time to train employees, individuals conducting the training do not do as good of a job as expected, or there is a downturn in the economy.

Mr. McMahon asked, as the company envisions the structure and rollout of the project, would there be a way to reasonably phase the project in terms of both training participation and allocation funding. Mr. Hall said yes.

Ms. Brinker said the company was conservative when they prepared their application. She said they are a large employer and the proposed contract includes their home office and eight other locations. She said the weighted average/number of training hours per employee is 61 and the cost of training per employee is \$765.00. Mr. Broad agreed the company was conservative in preparing their application, but was concerned about

training half of their workforce. Ms. Brinker said they have substantial projects planned in the next two years to enhance their base systems for personal and commercial lines of business. She said they anticipate they will utilize all of the training hours, especially with planned projects, new products, and continuing their green technology.

Mr. Broad asked Mr. Hall to phase the training in such a way that the Panel can award \$500,000 now and they can return for the remainder of funds after a reasonable period of training. He said by doing this, it would not hurt the company, and the Panel would be much more comfortable with encumbering fewer funds from the start. Mr. Hall said they were agreeable to the reduction.

**ACTION:** Ms. Roberts moved and Mr. Florence seconded approval of the funding proposal for Fireman's Fund with a reduction in the originally requested amount of funding to \$500,000.

Motion carried, 6 – 0.

### **National Semiconductor Corporation**

Mr. Chan presented a funding proposal for National Semiconductor Corporation (National), in the amount of \$780,000. He said National manufactures energy-efficient analog and mixed signal integrated circuits (IC's) which link the digital world of ones and zeroes and the real world of light, sound, temperature, speed, and pressure. National's products include power management circuits, display drivers, audio and operational amplifiers, communication interface products, and data conversion solutions that create energy efficiency within electronic systems, mobile phones, medical equipment, and wireless base stations.

Mr. Chan said this is National's second project, the first project performed at 39 percent, and the original funding request to staff was for \$1.4 million. He said given the performance of previous projects, National was amenable to reducing this proposal amount down to what they performed on in the previous project. He said if they are successful, they may return to the Panel to request additional funds.

Mr. Chan presented Arjun Israni, Director of Business Process and National Semiconductor University.

Mr. Broad asked what has changed in the company's operation that will help to ensure the proposed training is more successful. Mr. Israni said in the current proposal, National's training plan is in line with the number of training hours actually delivered during its first ETP project. He said senior management will be more involved in monitoring the ongoing performance and the company's training objectives. Mr. Israni said the world is changing and they must enhance their training in order to remain competitive. He said they are producing new products and the success of their future is based on new products especially with the impact of the Internet and changes in the workforce.

Mr. Broad said the company was making a Substantial Contribution to the cost of training, and he appreciated that they had reduced the requested amount of funding. He suggested that staff work closely with the company from the start to ensure training is on track. Mr. Israni said they have a new line of solar panels that are 50 percent more effective and anticipate the new panels will be introduced in the new calendar year. He said solar panels are a new business for the company, therefore; rapid, enhanced training is necessary for their workforce.

Ms. Roberts said she thought the company should reduce its funding request by half. She said if they are successful, they could return to the Panel in the future to request an amendment. She referred to Page 5 of 6 under Prior Projects in the Panel Packet. "National states that senior management will also be more involved in monitoring the ongoing ETP performance and the company's training objectives." She said as the company moves forward, employees need to be committed, and one way to do that, is to base bonuses or pay on training objectives.

Ms. Grutzius said, since the company is embarking on a new solar venture and an obstacle with the first contract was an unanticipated increase in sales, she cautioned they could once again run into the same problem. She said workers may have to step on the manufacturing lines with an increase in sales, and they would not be available for training. Mr. Israni said the market is soft right now and that would be a nice problem to have.

Mr. Florence asked if the company has structured training so that it will no longer take place during the lunch hour. Mr. Israni said it costs more money to train during lunch hours, but was an attractive feature, and the company will reconsider training during the lunch hour.

**ACTION:** Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for National in the amount of \$780,000.

Motion carried, 6 – 0.

### **Riverbed Technology, Inc.**

Mr. Chan presented a funding proposal for Riverbed Technology, Inc. (Riverbed Technology), in the amount of \$389,160. Riverbed Technology is a publicly-held computer systems design company providing Wide Area Networks (WAN) software and hardware products.

Mr. Chan introduced Robin Niemeyer, Training Director.

There were no questions from the Panel.

**ACTION:** Mr. Florence moved and Ms. Roberts seconded approval of the funding proposal for Riverbed Technology in the amount of \$389,160.

Motion carried, 6 – 0.

## **Stryker Corporation, Endoscopy Division**

Mr. Chan presented a funding proposal for Stryker Corporation, Endoscopy Division (Stryker), in the amount of \$455,822. He said Stryker is a manufacturer of medical devices and surgical equipment used in operating theater rooms. Stryker offers a broad range of products used in minimally invasive surgery in operating room environments. Its products combine voice activation, infrared technology with high-definition capture, and display devices creating fully integrated operating rooms.

Mr. Chan introduced Kerri Beherndt, Training Specialist and Sarah Hartz, Payroll Supervisor.

Mr. Broad said it appears the company has greatly improved their performance.

Ms. Roberts asked if there are new employees that have not been trained under the previous contracts or if they are all the same employees going through various stages of training. Ms. Beherndt said there will be new and repeat employees who receive training. Ms. Roberts asked for the percentage of new vs. current employees. Ms. Beherndt did not have the percentage available, but said there are less new employees being trained. She said they have new systems, products, and programs and employees will be trained in many new areas.

**ACTION:** Mr. Campbell moved and Mr. Florence seconded approval of the funding proposal for Stryker in the amount of \$455,822.

Motion carried, 6 – 0.

## **Wintec Industries, Inc.**

Mr. Chan presented a funding proposal for Wintec Industries, Inc. (Wintec), in the amount of \$173,376. Wintec is an importer and exporter of commodity products specializing in various product designs and manufacturing for telecom, desktop, notebook, server, printer, and removable storage applications.

Mr. Chan introduced Diane Liu, HR Specialist.

Mr. Broad asked if the company currently has a 25.6 percent turnover and that a reduction of .6 in turnover is very minimal. Ms. Grutzius said Page 6 of 7 in the Panel Packet states that in 2005, company turnover was 36.2. Mr. Broad asked about the projected turnover. Ms. Liu said the company cannot forecast in laying off current employees or hiring new employees.

Mr. McMahon asked if the company is seeing a trend toward more employee stability. Ms. Liu said they believe it is not within the company's control to predict if employees will remain with the company, but they are making improvements in their human resource department to assist employees with being comfortable and confident on the job and to give them training they need to perform their jobs. Mr. Broad said, from the Panel's perspective, typically there is some labor market relationship for why employees leave such as working conditions are

poor, or they would receive better pay from a competitor. He said there is usually an underlying reason why employees leave a company and the Panel sees many different companies with a variety of turnover rates. He said some company turnover is extremely low, which frequently is a reflection of the way a company is managed. He said if a company offers employees more pay, they will usually remain with the company. He said he is not commenting on Wintec's wages, however; the question for the Panel is should they grant the company a turnover waiver.

Mr. Broad asked if the company can get to a 20 percent turnover rate. Ms. Liu said the company is aiming for 20 percent. Mr. McMahon said the 25 percent figure staff arrived at is not arbitrary. He said they used an analysis of stability trends within the technology sector, which tends to track significantly higher than other industries. He said 25 percent turnover was fairly indicative of what was happening in the industry.

Mr. Broad said he understood, but did not believe the Panel must accept a 25 percent turnover rate, especially in a technology industry, which is a very wealth profitable industry and especially with the recession. He said he would like to see Wintec and other companies meet a 25 percent turnover, unless there is a very compelling argument. He said the company is paying more for their training, which is a substantial contribution by another name.

Ms. Grutzius referred to Page 6 of 7 in the Panel Packet. She said it states the company conducted a survey and found that turnover was attributed to three essential areas: 1) involuntary termination due to below standard or poor performance, or violation of company policies and standards of conduct; 2) voluntary termination for other jobs with higher salary, more attractive benefit package, and no room for growth; and 3) lack of screening and other hiring protocol.

Ms. Grutzius said the voluntary termination for other jobs, would have the economic effect that we are discussing. She asked what the company is doing to address lack of screening and other hiring protocol and involuntary termination due to below standard or poor performance, since the company has control over these two areas. Ms. Liu said the voluntary termination began in 2007, which started the on-the-job training. She said they wanted to ensure that every new employee who begins employment with their company receives a three month, on-the-job training process. She said in their third month of employment, they review the training to ensure they have been provided the skills and knowledge need to perform their tasks.

Ms. Roberts said it appears the company is taking the correct actions to help them achieve a 20 percent turnover. With that in mind, she suggested a turnover penalty be triggered at the standard 20 percent. She said with unemployment so high, not many people are quitting their jobs.

The Panel denied the company's request to change the standard 20 percent turnover rate to 25 percent, as a trigger for the turnover penalty, and a motion was made to that effect.

**ACTION:** Ms. Roberts moved and Mr. Florence seconded approval of the funding proposal for Wintec in the amount of \$173,376 with the standard 20 percent turnover rate.

Motion carried, 6 – 0.

### **Kirkhill Aircraft Parts Company dba KAPCO/VALTEC**

Diana Torres, Manager of the San Diego Regional Office, presented a funding proposal for Kirkhill Aircraft Parts Company dba KAPCO/VALTEC (KAPCO), in the amount of \$270,000. KAPCO has acquired related aerospace and aeronautical parts companies to become a major supplier of elastomeric seals and other products to airline industry giants such as Boeing and Lockheed Martin.

Ms. Torres introduced Rita Mould, Human Resources Manager and Paul Johnson, Chief Operating Officer of Cal Training, Inc.

Mr. Broad asked about Valtec Aircraft Supply, the company KAPCO acquired in 2003. He asked if it supports commercial airlines and independent repair facilities, by operating a repair facility, or do they also supply parts. Ms. Mould said they only supply parts. Mr. Broad asked if they manufacture parts and seals. Ms. Mould said yes, some seals and they also manufacture aircraft landing gear, so they have a metal shop that is also incorporated. Mr. Broad said just to make a comment to the rest of the Panel, the wage levels at this company are similar to the last proposal, it is in a high, expensive part of the state to live, and their turnover rate is 7 percent. He found it hard to accept that there is something about the nature of high technology that excuses high turnover. He said manufacturers such as KAPCO have just as much difficulty and they are facing the same problem of obtaining good employees and retaining them. He said there is something going on in the way these companies are managed and he does not believe that the high technology industry is investing in their employees in the way that they need to invest.

**ACTION:** Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for KAPCO in the amount of \$270,000.

Motion carried, 6 – 0.

### **Snyder Langston Residential, Inc.**

Ms. Torres presented a funding proposal for Snyder Langston Residential, Inc. (SL Residential), in the amount of \$207,000. SL Residential is a construction services company supporting the redevelopment of commercial/industrial properties into residential and mixed-use urban communities throughout Southern California.

Ms. Torres pointed out that in the Memorandum the company is noted as Snyder Langston Residential, Inc., which is incorrect throughout. She said the name of the company is simply “Snyder Langston”.

Ms. Torres introduced Frank Martinez, Vice President.

Mr. Florence was surprised the company has an 8.4 percent turnover rate, especially in the construction industry. He asked if the 115 estimated trainees are all covered in the occupation titles listed on page 2 of 4. Mr. Martinez said that is correct. Mr. Florence asked if construction staff was included in the occupations list. Mr. Martinez said construction staff falls under the superintendants occupation and engineers include project engineers, project managers, and project executives. He said technical staff in the field overseeing construction projects is encapsulated under the engineers' occupation and superintendents are under the superintendant classification. Mr. Florence asked if the company actually builds. Mr. Martinez said they are construction managers and do not build.

Ms. Reilly had a question about the corporation formation, regarding "Snyder Langston Residential". Mr. Martinez said Snyder Langston Residential does not exist and he does not know where the name came from. Ms. Reilly said the name is listed on their company website. Mr. Martinez said they have a subsidiary company, Snyder Langston Residential, which they formed for liability purposes. He said there is also "SL Residential", and there are shared employees between the two. He said SL Residential is an entity created by Snyder Langston for their residential projects, with the same base of employees. Ms. Reilly asked if that includes commercial and industrial refurbishing, and not solely residential. Ms. Martinez said that is correct.

Mr. Broad asked for a further explanation of the corporate structure. He asked if employees move between companies depending on projects, and if employees are doing residential work, are they working for SL Residential. Mr. Martinez said the entity was formed from a liability standpoint. He said they had two for-sale residential projects and in order to do that, they had to develop an LLP for SL Residential, but SL Residential is under the parent company, Snyder Langston.

Mr. Broad asked how this shields the company from liability and if it was formed for a specific project that will no longer be used. Mr. Martinez said that is correct, it was formed for one project at the request of the City of Long Beach, and one of the partners in a development there. Mr. Broad asked if they requested that the company limit their liability. Mr. Martinez agreed. Mr. Broad was concerned about employees going back and forth for training, if the employer is not identified in the ETP Agreement. Mr. Martinez said all employees receive their paychecks from Snyder Langston and that SL Residential is basically a marketing entity. Mr. Broad asked if it was only a shell entity. Mr. Martinez agreed.

**ACTION:** Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for Snyder Langston in the amount of \$207,000.

Motion carried, 6 – 0.

## **Multiple Employer Contractors**

### **Employers Group**

Mr. Guzman presented a funding proposal for Employers Group in the amount of \$699,466. Employers Group offers several program and services including: telephone helpline support for HR professionals; public workshops on HR-related topics; consulting services on such topics as affirmative action planning; surveys on compensation and benefits trends; and training in the areas of compliance, leadership, quality, productivity enhancement, and lean manufacturing.

Mr. Guzman introduced Jeffrey Hull, Learning Services Director.

Mr. Florence asked why the training proposal states that the project may serve both union and non-union employees, but none of the participating employers listed have a collective bargaining agreement. Mr. Guzman said the core group of listed companies is not exclusive. Additional companies may come into the project at a later time that potentially could have union representation.

Mr. Broad said the multiple employer entities design a list of employers, required in MEC contracts, which may end up being a completely different group of employers. He said if they do not find any employers and do not administer the training, they do not receive the funds. He said it is common for the contracts to say they may serve union and non-union employers because they don't know who is going to show up. He said there is a sense as to what the curriculum is and who the training entity is. Mr. McMahan said staff also considers the funding applicant's track record, history with ETP, and the likelihood that they will succeed. Mr. Broad said it is difficult for Panel members to judge multiple employer contracts due to the lack of a secure sense of what employers will participate. He said it is much easier to judge a single employer's history and being familiar with their business.

Ms. Reilly said staff goes into more detail, as the participating employer is enrolling under the contract. She said there is a vetting process for various factors and one of those would be whether or not union support letters are required.

Ms. Roberts asked, in regards to all of the multiple employer contracts, if the total contract amount is correct or should the Panel be considering a lesser amount, especially due to overall job instability with the unemployment rate so high.

Mr. Hull said they negotiated with ETP staff to reduce their initial contract amount as to a realistic goal for the company to complete. He said they took into account, employers that are unable to begin the training initiative then what they initially planned. He said they have many employers that want to begin training in January 2009, and their current contract only allows training until the end of February 2009. He said this does not give employees enough time to receive the training.

**ACTION:** Mr. Campbell moved and Ms. Grutzius seconded approval of the funding proposal for Employers Group in the amount of \$699,466.

Motion carried, 6 – 0.

## **Glendale Community College Professional Development Center**

Mr. Guzman presented a funding proposal for Glendale Community College Professional Development Center (Glendale PDC), in the amount of \$1,784,740. Glendale PDC is a training agency that provides customized, job-specific training for business and workers.

Mr. Guzman introduced Kimberly Holland, Director and Pamela Welden, Program Manager.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for Glendale PDC in the amount of \$1,784,740.

Motion carried, 6 – 0.

## **City of Richmond Workforce Investment Board**

Mr. Chan presented a funding proposal for City of Richmond Workforce Investment Board (RWIB), in the amount of \$197,478. RWIB provides policy direction and guidance on all workforce development activities in Richmond.

Mr. Chan introduced Sal Vaca, Director of Employment & Training Department.

Mr. Broad said it is a great project and wished them much success.

Ms. Roberts said it is very admirable of RWIB to assist at-risk youth, ex-offenders, and unemployed individuals with multiple barriers to employment.

Ms. Roberts asked if RWIB is administering all of the safety training versus the employer. She asked if ETP will fund OSHA training in multiple employer contracts. Mr. Chan said ETP does not fund OSHA for a retraining project, but this is a new-hire project. He said since they are training people receiving Unemployment Insurance, with multiple barriers, who may have no background in the field; it is allowable. Ms. Roberts asked if that would relieve the construction company from completing their OSHA required training. Mr. Broad said in reality, the company would have an employee with some very rudimentary training, and would still need to train them on specific systems that they are using with their own funds. He said the Panel does not typically fund government required training. He said that due to the fact that this proposal is reaching at-risk people, the Panel should agree to the training, and it is important to reach this population. He said it is a very difficult group to reach and Richmond is a tough city. Ms. Roberts still had concerns. Mr. Broad said in a new-hire project, the Panel has great flexibility in funding.

Ms. Montoya said she is very excited about the project, which could be an example to the Nation, and is looking forward to their results. She suggested adding HVAC training to their curriculum, since it is an excellent, high paying occupation once individuals have the skills. Mr. Vaca said absolutely.

ACTION: Mr. Campbell moved and Mr. Florence seconded approval of the funding proposal for RWIB in the amount of \$197,478.

Motion carried, 6 – 0.

### **Regional Technical Training Center**

Mr. Chan presented a funding proposal for Regional Technical Training Center (RTTC), in the amount of \$460,080. RTTC is a private, post-secondary and vocational school that specializes in developing and providing customized training programs for California employers.

Mr. Chan introduced Bernard Ashcraft, Chief Executive Officer.

Mr. Broad asked if they are a non-profit organization. Mr. Ashcraft agreed.

ACTION: Ms. Grutzius moved and Mr. Florence seconded approval of the funding proposal for RTTC in the amount of \$460,080.

Motion carried, 6 – 0.

### **California Career School**

Ms. Torres presented a funding proposal for California Career School (CCS), in the amount of \$339,290. CCS is a training agency headquartered in Anaheim.

Ms. Torres introduced Chuck Emanuele, President.

Mr. Broad asked about the footnote under Prior Projects on page 5 of 5 that says: "Audit finding reduced the total amount by \$5,206.54. CCS reports that it has refunded the entire amount." Ms. Torres said proposals must be turned in 1.5 months before they come to a Panel meeting. At that time there was an audit finding of an overpayment of \$5,000 that has now been reconciled by California Career School; but it was noted because it was outstanding at the time. Mr. Emanuele said the overpayment occurred because one of the individuals trained held a job for 89 days and then they returned to their previous position. He said they were frustrated, but understood the audit finding. He said CCS will provide the employers with certain tool sets that will enhance their ability to stay on the job until the 91<sup>st</sup> day.

Ms. Roberts asked if they have identified their employers. Mr. Emanuele agreed.

Mr. Broad asked if was Ms. Torres' belief this was an understandable accounting error rather than an issue of honesty and integrity. Ms. Torres said, absolutely.

ACTION: Ms. Roberts moved and Mr. Campbell seconded approval of the funding proposal for CCS in the amount of \$339,290.

Motion carried, 6 – 0.

### **Sheet Metal & Air Conditioning Apprenticeship & Journeymen Joint Training Fund of San Diego**

Ms. Torres presented a funding proposal for Sheet Metal & Air Conditioning Apprenticeship & Journeymen Joint Training Fund of San Diego (SMTF), in the amount of \$285,240. SMTF is a joint effort by the Sheet Metal Workers' International Local 206 and the Sheetmetal and Air Conditioning Contractors National Association whose mission is to provide up-to-date industry skills training and secure high-quality job opportunities for its members.

Ms. Torres introduced Linda Jennings, Executive Vice President of the SMACNA of San Diego; Ken Lavigne, Training Coordinator of the Sheet Metal Joint Apprenticeship Training Committee of San Diego; Joseph Powell, Business Manager-Financial Secretary of the Sheet Metal Workers' International Association of Local Union 206; and Jan Borunda, representing the California Labor Federation.

Mr. Broad asked if this is SMTF's first proposal. Mr. Lavigne agreed.

ACTION: Mr. Campbell moved and Ms. Roberts seconded approval of the funding proposal for SMTF in the amount of \$285,240.

Motion carried, 6 – 0.

### **Westech College**

Ms. Torres presented a funding proposal for Westech College in the amount of \$817,815. Westech College is an accredited private vocational school.

Ms. Torres introduced Barry Maleki and Steve Duscha, representing Duscha Advisories.

ACTION: Ms. Roberts moved and Ms. Grutzius seconded approval of the funding proposal for Westech College in the amount of \$817,815.

Motion carried, 5 – 0. (Mr. Campbell departed the meeting and was not present for the remainder of votes)

Mr. McMahon said, out of the four multiple employer contracts that came before the Panel today, and what staff would designate as a training agency, all four are on the state Eligible Training Provider List (ETPL) and three are on the International Association of Information Technology Trainers (I Train). He said if you are on the I Train list, you are on the state ETPL list.

## **Amendments**

### **Angeles College of Nursing**

Mr. Guzman presented an amendment for Angeles College of Nursing (ACN), in the amount of \$190,746. He said ACN is a private, for profit, training and educational center.

Mr. Guzman introduced Gwen Dollar, Director of Student Outreach and Job Placement.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Grutzius seconded approval of the amendment for ACN in the amount of \$190,746.

Motion carried, 5 – 0.

### **IX. PUBLIC COMMENT**

There was no public comment.

### **X. ADJOURNMENT**

**ACTION:** Mr. Florence moved and Ms. Roberts seconded adjournment of the meeting at 12:15 p.m.

Motion carried, 5 – 0.